

# **Factors Influencing the Success of HUD Section 8 Housing Choice Voucher Families**

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June 2002

## **Executive Summary**

The Welfare-to-Work program, initiated by HUD in 2000, seeks to increase the incentive and resources for families to become self-sufficient. The program pairs the Section 8 Housing Choice Voucher with supportive services. Snohomish County, Washington, began its program in January of 2000 with thirteen service-partner agencies and two housing authorities. Housing serves as both the carrot and the stick. While others wait one to five years for a Section 8 Voucher, Welfare-to-Work participants have access to 1,275 additional vouchers allocated to the Housing Authority of Snohomish County (700) and Everett Housing Authority (575) for the program. However, to keep their housing assistance families must meet the program's employment requirements. The Welfare-to-Work Plus program provides additional supportive services for a limited number of clients.

Thirty months into the program, politicians, HUD, the Housing Authority of Snohomish County (HASCO), the Everett Housing Authority (EHA), their partner agencies, and communities around the country considering developing such programs are all very curious to know if the combination of services provided by the Welfare-to-Work program produces more self-sufficient clients than Section 8 vouchers alone. This study seeks to provide such an assessment by defining a measure of self-sufficiency and assessing the roll of many factors that contribute to a family's success, including participation in the Welfare-to-Work program. This study utilized data on a random sample of 192 families served by the Housing Authority of Snohomish County to develop a model that isolates the influence of a series of factors and identifies their individual effect on the success of families receiving housing assistance.

While the study did not find that participation in either the Welfare-to-Work or Welfare-to-Work Plus programs significantly increased or decreased a family's wage income, it did identify other attributes that significantly influence a family's wage income. Initial wage income, as expected, has a significant positive influence on current wage income. Surprisingly, families with Hispanic heads of household and single mothers (an adult female living with at least one minor and without another adult) have higher wage incomes. Families currently receiving "other" income such as child support have lower wage incomes. The predicted influence of each of these factors is:

- Each additional \$1 in initial wage income leads to an increase in current annual wage income of \$0.36-\$0.61<sup>1</sup>
- Families receiving "other" income have \$5,209 less to \$27 more in annual wage income
- Hispanic families have \$3,426 to \$13,195 more in annual wage income
- Single mothers have \$1,534 to \$8,295 more in annual wage income

The model also identified that there is a missing factor unknown variable that also significantly influences wage income. This may be education.

In addition to seeking an understanding of why some families have higher wage incomes than others, administrators are also keenly interested in change of income experienced by families receiving housing assistance. The study found that the initial wage income for Section 8 clients sampled was higher than for Welfare-to-Work clients. During participation in the program the incomes of both groups fell, perhaps due to poor economic conditions. However, Welfare-to-Work clients lost less income than their Section 8 counterparts. Currently, Welfare-to-Work clients have higher incomes than Section 8 families. However, these differences are not large enough to exclude the possibility that the difference is purely random chance because there is a high degree of variability in income between families. As a result, we can make no definitive statements about differences in income between the two programs.

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## ***Housing & Self Sufficiency***

Shelter is one of the most basic human needs. Researchers estimate that “over 14 million home owner and renter households spent more than half their incomes on housing in 1999, and two million live in homes with serious structural deficiencies.”<sup>2</sup> In response, HUD has provided rent-relief for more than thirty years through the Housing Choice Voucher program, better known as Section 8. The program serves low and moderate-income household insuring that a family’s housing expenses are limited to 30-40 percent of adjusted household income.<sup>3</sup> In contrast to place or project-based policies like public housing projects, Section 8 encourages dispersion by giving clients the freedom to rent anywhere in a community.<sup>4</sup> The program serves able-bodied, elderly and disabled households.

The Section 8 program is very politically popular. While social services face deep cuts, President Bush’s proposed FY2003 budget includes \$31.5 billion for HUD, \$2.1 billion more than the initial FY2002 budget.<sup>5</sup> Between 1.4 and 2 million households receive Section 8 vouchers. If Congress approves the Bush budget, that number will grow by 34,000.<sup>6</sup>

While elderly and disabled households are not expected to move off the Section 8 program, enabling self-sufficiency is a key objective of the program for able-bodied families. Recent studies have concluded that “There is a growing body of research indicating that welfare reform successes are greater among families with assisted housing than among other low-income families.” Researchers suggest, “Welfare policy should include housing assistance as a strategy for success.”<sup>7</sup>

The Welfare-to-Work program, initiated by HUD in 2000, seeks to increase the incentive and resources for families to become self-sufficient. The program pairs the Section 8 Housing Choice Voucher with supportive services. Snohomish County, Washington, began its program in January of 2000 with thirteen service-partner agencies and two housing authorities. Housing serves as both the program’s carrot and stick. While others wait one to five years for a Section 8 Voucher, Welfare-to-Work participants have access to 1,275 additional vouchers allocated to the Housing Authority of Snohomish County (700) and Everett Housing Authority (575) for the program. However, to keep their housing assistance families must meet the program’s employment requirements.

In 2001, the Washington State Department of Social and Health Services was so impressed by the concept and structure of Snohomish County’s Welfare-to-Work program that it contracted with each housing authority to provide additional services to 30 clients. The housing authorities, in turn, subcontracted with their partner agencies to provide these services. This program is known as Welfare-to-Work Plus and began serving clients in July 2001.

## ***Evaluating the Welfare-to-Work Program in Snohomish County, WA***

Thirty months into the program, politicians, HUD, the Housing Authority of Snohomish County (HASCO), the Everett Housing Authority (EHA), their partner agencies, and communities around the country considering developing such programs are all very curious to know if the combination of services provided by the Welfare-to-Work program produces more self-sufficient clients than Section 8 vouchers alone. This study seeks to provide such an assessment by defining a measure of self-sufficiency and assessing the roll of many factors that contribute to a family’s success, including participation in the Welfare-to-Work program. This study developed a model that isolates the influence of a series of factors and identifies their individual effect on the success of families receiving housing assistance.

## ***Measuring Program Success and Family Self-Sufficiency***

Like many popular terms, self-sufficiency has many different definitions. Most people in the fields of housing and supportive services agree that self-sufficiency involves moving families off of welfare support, into wage-earning jobs. Ultimately, most policy makers and program administrators would like to see families move off welfare assistance and housing assistance, and demonstrate a sustainable ability to support themselves independently. Anecdotal evidence suggests that both Section 8 and Welfare-to-Work are achieving some success in this regard. One of the first families at HASCO to complete the

Section 8 to HomeOwnership education and counseling program was a Welfare-to-Work client. The family was able to purchase their home without assistance and graduated off of the program altogether. However, because the program has been in existence for just 30 months, it seems unrealistic to expect significant success of this sort.

Program administrators at HASCO, EHA, the Department of Social and Health Services (DSHS) and Snohomish County Human Services, two of the largest supportive services providers involved in the Welfare-to-Work program, met in the fall of 2001 to discuss what they would consider “success”. Economic self-sufficiency quickly became the focal point of the discussion. The group determined that working families have achieved an initial level of self-sufficiency. Beyond this, they listed higher wages, the duration a job is held, health insurance, retirement savings and other benefits. After some thought, the group agreed that earned-wage income is the most important measure of self-sufficiency and program success. Thus, this study measures the success of the Welfare-to-Work program in Snohomish County by the earned-wage income of its participants. Administrators are primarily interested in knowing if clients served by the Section 8 program, Welfare-to-Work program, and Welfare-to-Work Plus program achieve different levels of self-sufficiency.

### ***Study Data***

The data used for this study was collected for randomly selected sample groups of 80 Section 8 families, 92 Welfare-to-Work families and 20 Welfare-to-Work Plus families. HASCO’s Section 8 staff collected the data. Current information is stored in computer files and was pulled for this study in March 2002. Historical information on each household, including the families’ income at entrance to the program, is kept in the tenants’ paper files, also kept by the housing authority. The Welfare-to-Work program is restricted to families with children. While some disabled parents are served, they must have a reasonable expectation of securing a wage-earning job. Because the housing authority does not track the nature or severity of clients’ disabilities, permitting selection of a sample group that includes only disabled families capable of work, the Section 8 clients included in the sample group were limited to non-elderly, non-disabled families with children. It was also restricted to families that entered the program during the same period that the Welfare-to-Work program has accepted clients—January 1, 2000 to March 2002. At the time the data was collected from the computer, there were 511 Section 8 families at HASCO who met this description and 660 Welfare-to-Work families. Each of these sample groups was randomly selected from the list of clients.

### ***Developing the Model: Variables & Their Limitations***

All of the clients included in the study receive housing voucher assistance through the Section 8, Welfare-to-Work and Welfare-to-Work Plus programs. Theoretically, the more services a family receives, the more successful they will become. The most serious limitation of this study is that clients do not randomly end up in one program or another.

Families are selected for the Welfare-to-Work program because a service provider believes they are both capable of improving their situation and motivated to do so. In order to participate in the program they must design an action plan outlining goals and action steps needed to achieve and maintain employment. They must also sign a Contract of Participation that outlines their obligations including work requirements. The family risks losing their housing if they do not follow through on these plans. This indicates that this may be a group of clients more likely to achieve self-sufficiency from the beginning.

However, the program’s requirements may also create a group that is systematically less inclined to achieve this success. To be eligible for the Welfare-to-Work program, families must have received, or been eligible to receive, Temporary Assistance for Needy Families (TANF) within the past two years. TANF eligible families must have children, a factor that can be compensated for by only comparing them to Section 8 families with children. TANF requires these families to meet very strict income restrictions. The housing authority collects no information on Section 8 clients that would indicate their income before they entered the program. As a result, Welfare-to-Work families, as a group, may be poorer than their Section 8 counterparts.

The length of time a family has received housing assistance is believed to positively influence the self-sufficiency of the family. The number of months a family has received housing assistance was included in the study with March 2002 as month “one”, February 2002 as month “two” and so on. Welfare-to-Work clients have generally been on the program longer than the Section 8 clients, as shown by *Graph 1: Number of Months Receiving Housing Assistance*.

The final set of characteristics considered describes family demographics. Generally younger parents are expected to have less education and less work experience and are therefore less likely to be

employed or earn lower wages. Welfare-to-Work heads of household tend to be slightly younger than those of the Section 8 program as shown by *Graph 2: Age of Heads of Household*.

The number of adults in each family was calculated by subtracting the number of minors from the number of household members. The sex of the head of household, also recorded by HASCO, was used to determine if households with one adult were single females with minors or single males with minors. The number of single parents may be underestimated by this method because households with children over the age of 18, non-parent partners, and elderly grandparents will be calculated as two-parent households. *Graph 3: Household Composition* shows that both Section 8 and Welfare-to-Work predominately serve single women with children. Welfare-to-Work serves more two-adult households than Section 8 serves.

Families with more children are expected to have more trouble securing employment and therefore have lower wage incomes. All of the families in the study have children. Although Welfare-to-Work serves a higher percentage of families with two or three children, as shown by *Graph 4: Number of Minors in the Household*, both programs serve more small families than large families.

Administrators expect that the services provided by the Welfare-to-Work program may couple with many family characteristics to produce a different result than either factor creates alone. For instance, services may be more effective for families after 6 months than after 2 months. The study included interaction variables for age, months on the program, and the number of minors in combination with Welfare-to-Work enrollment.

The race and ethnicity of the head of household has long been held to play a critical role in determining a family's wage income. HASCO records race in five categories: Asian, Pacific Islander, Black, Native American and Alaskan Indian, and white. For the purposes of this study, Asians and Pacific Islanders were grouped together. The racial profile of both programs is shown by *Graph 5: Race of Heads of Household*. These figures represent the race of the head-of-household.

HASCO serves a considerable number of "white" clients whose ethnicity may also play a roll in their success. Sizeable populations of Ukrainian and Russian immigrants live in Snohomish County. There are also a number of Hispanic families. As shown by *Graph 6: Hispanic Families*, Section 8 serves about ten percent Hispanic families and Welfare-to-Work serves about four percent. HASCO does not keep track of Ukrainian and Russian families in any systematic fashion. However, these families typically have easily identifiable last names. Researchers identified these names and recorded them in the data set. As shown by *Graph 7: Families with "Russian Sounding" Surnames*, about ten percent of HASCO's clients are ethnically Russian or Ukrainian.

HASCO regularly tracks whether all members of the household are eligible non-citizens or U.S. citizens. Again about ten percent of the families served by the program include at least one member who is a legal non-citizen, as shown by *Graph 8: Citizenship of Families*. The program does not serve any illegal residents.

Income information is both an output and an input of the model. It is strongly believed that clients with higher wage incomes at the time they entered the program will have higher wage incomes after receiving housing assistance. Historical and current income information was collected for the following categories: total income, wage income, social security income, public assistance income and other income. Other income includes pension benefits and child support. Families with wage incomes are ineligible for many public assistance programs. As previously stated, current household annual wage income was used as the model's measure of self-sufficiency. Initial annual wage income, the current reception of social security and other incomes were included in the model as factors that may influence the family's current wage income. *Graph 9: Families Currently Receiving "Other" Income* shows that Welfare-to-Work families are more likely to receive income from child support or pension than Section 8 families. The theoretical connection between "other" income and employment has not been well constructed, but it is possible that this income makes families more stable and therefore more able to secure employment. It is also possible that the same intangible characteristics of initiative and motivation that enable a family to secure employment make them more likely to insist that child support payments be made regularly.

The one variable not included in the study that is expected to significantly impact wage income is education. The housing authority does not collect any information on the education level reached by heads of household. Of those factors included in the study, only initial income is expected to be related to education level.

In addition to seeking an understanding of why some families have higher wage incomes than others, administrators are also keenly interested in change of income experienced by families receiving housing assistance. Graphs 10, 11 and 12 show the initial, change and current total, wage and public

assistance incomes for Section 8 and Welfare-to-Work families. As shown by these graphs, differences in the mean initial and mean current wage incomes of Section 8 and Welfare-to-Work clients were found within the sample groups. Differences were also found in the current mean wage income of the entire population of Section 8 and Welfare-to-Work clients. However, these differences are not large enough to exclude the possibility that the difference is purely random chance because there is a high degree of variability in income between families. As a result, we can make no definitive statements about differences in income between the two programs. However, the difference in mean annual wage income between the two groups is still quite interesting.

The study found that the initial wage income for Section 8 clients sampled was higher than for Welfare-to-Work clients. During participation in the program the incomes of both groups fell, perhaps due to poor economic conditions. However, Welfare-to-Work clients lost less income than their Section 8 counterparts. Currently, Welfare-to-Work clients have higher incomes than Section 8 families. One might expect that increasing the sample size of the study would reduce the influence of random chance. However, even a comparison of the current wage incomes of all 1,171 able-bodied families served by HASCO could not conclusively find a difference in the means of clients on the two programs.

### **Data Analysis**

Data on the 192 families included in the random sample groups was analyzed to determine the effect of these variables on current wage income. This analysis allows us to estimate what the affect of each variable is with all other factors held constant. While the study did not find that participation in either the Welfare-to-Work or Welfare-to-Work Plus programs significantly increased or decreased a family's wage income, it did identify other attributes that significantly influence a family's wage income.

Initial wage income, as expected, has a significant positive influence on current wage income. Surprisingly, families with Hispanic heads of household and single mothers (an adult female living with at least one minor and without another adult) have higher wage incomes. Families currently receiving "other" income such as child support have lower wage incomes. The predicted influence of each of these factors is:

- Each additional \$1 in initial wage income leads to an increase in current annual wage income of \$0.36-\$0.61<sup>8</sup>
- Families receiving "other" income have \$5,209 less to \$27 more in annual wage income
- Hispanic families have \$3,426 to \$13,195 more in annual wage income
- Single mothers have \$1,534 to \$8,295 more in annual wage income

The model also identified that there is a missing factor that also significantly influences wage income. Most likely, this is education level. Interestingly, there is no missing factor for an analysis that sought to predict if a family was currently working or not. The following table summarizes the expected relationships and findings of the study:

Variable	Description	Predicted Influence on Wage Income	Study Finding
Initial Wage Income	Annual wage income when family began receiving housing assistance	+	+
Months on Program	Number of months a family has received housing assistance	+	Not Significant
US Citizenship	Considered non-citizens if anyone in the household is not a US citizen	-	Not Significant
Minors	Number of minors in household	-	Not Significant
Age	Age of head of household	+	Not Significant
Black	Head of household is African American	-	Not Significant
Native American or Alaskan Indian	Head of household is Native American or Alaskan Indian	-	Not Significant
Asian or Pacific	Head of household is Asian or Pacific Islander	-	Not Significant

Islander			
<b>Hispanic</b>	<b>Head of household is Hispanic</b>	-	+
<b>Current Other Income</b>	<b>Family currently receives income other than wages, social security, or public assistance</b>	-?	-
Single Dad	One adult male with minors	-	Not Significant
<b>Single Mom</b>	<b>One adult female with minors</b>	-	+
Russian or Ukrainian	Last name sounds Russian or Ukrainian	+	Not Significant
Welfare-to-Work	Receiving housing assistance as part of Welfare-to-Work program	+	Not Significant
Welfare-to-Work Plus	Welfare-to-Work family receiving extra services from DSHS grant	+	Not Significant
Months on & W2W	Number of months family is on program coupled with Welfare-to-Work enrollment	+	Not Significant
Age & W2W	Age of head of household coupled with Welfare-to-Work enrollment	+	Not Significant
Minors & W2W	Number of minors in household coupled with Welfare-to-Work enrollment	+	Not Significant
Education	Head of household's education level	+	Not Tested

### Policy Implications

The finding that initial employment has the greatest influence on a family's current wage income has direct policy implications. The administrators overseeing the Welfare-to-Work program recently decided that any new families brought onto the program in the next phase must be currently employed to receive the housing assistance and supportive services.

### Future Research

Perhaps the most revealing finding of this study is that the number of months a family is served with housing assistance is insignificant in determining the family's wage income. This directly contradicts popular theory. There are two possible explanations for this finding. First, the study only includes families served for thirty months or less. Particularly in the current economic climate, this may be too soon to expect families to make real employment gains. Future studies at, perhaps, forty, fifty and sixty months could reveal more significant improvements and a greater influence of service programs. This is particularly true of the Welfare-to-Work Plus program that is just eleven months old. Second, the study does not include any families whose wage incomes grew so significantly that they graduated off housing assistance. While a limited number of families are believed to have accomplished this in the last thirty months, this will become a more significant limitation of the data kept by HASCO in coming years. Future studies should attempt to track clients that move off the program, as their achievements are the desired outcome.

### Acknowledgements

The author wishes to thank all those who supported and helped to improve this study, including: Dr. Rachel Garshick Kleit and Kursten Holabird, Daniel J. Evans School of Public Affairs, University of Washington; Bob Davis, Pete Grodt, Christine Hoover and David Aldrich, Housing Authority of Snohomish County; Bud Alkire and Sandra Back, Everett Housing Authority; Michele Lounsbury, Washington State Department of Social and Health Services; and Carol Williams, Snohomish County Human Services Project Self Sufficiency program.

## Regression Results

### Regression One:

**All variables supported by theory for dependent variable “wage income”**

Model Summary: R Square = 0.381 and Adjusted R Square = 0.316

Dependent Variable: Current Annual Wage Income (\$)

Coefficients:

Variable	Unstandardized Coefficients: B	Unstandardized Coefficients: Standard Error	t	Sig.
(Constant)	-3538.838	577.533	-.612	.541
Initial Wage Income	.496	0.067	7.429	.000
Months on Program	192.773	144.283	1.336	.183
US Citizenship	-4033.748	3419.447	-1.180	.240
Minors	4.210	934.978	0.005	.996
Age	110.976	123.858	.896	.372
Black	-1337.867	1983.388	-.675	.501
Native American or Alaskan Indian	4709.729	2932.426	1.606	.110
Asian or Pacific Islander	6295.732	4166.220	1.511	.133
Hispanic	8446.622	2513.581	3.360	.001
Current Other Income	-2552.659	1358.444	-1.879	.062
Single Dad	3831.114	5003.287	.766	.445
Single Mom	4952.642	1763.525	2.808	0.006
Russian or Ukrainian	3624.287	3123.676	1.160	.248
Welfare-to-Work	2983.744	5400.078	.553	.581
Welfare-to-Work Plus	1676.063	1975.445	.848	.397
Interaction Term: Age and W2W	14.932	160.740	.093	.926
Interaction Term: Months on program and W2W	-105.491	187.978	-.561	.575
Interaction Term: Minors and W2W	-355.933	1169.542	-.304	.761

## Regression Two:

All variables supported by theory that Regression One found possibly significant

Model Summary: R Square = 0.378 and Adjusted R Square = 0.329

Dependent Variable: Current Annual Wage Income (\$)

Coefficients:

Variable	Unstandardized Coefficients: B	Unstandardized Coefficients: Standard Error	t	Sig.
(Constant)	-2661.335	4435.383	-.600	.549
Initial Wage Income	.489	.065	7.575	.000
Months on Program	126.386	90.471	1.397	.164
US Citizenship	-3896.502	3293.896	-1.183	.238
Age	108.241	76.346	1.418	.158
Black	-1448.537	1956.412	-.740	.460
Native American or Alaskan Indian	4610.959	2888.726	1.596	.112
Asian or Pacific Islander	6446.887	4084.397	1.578	.116
Hispanic	8305.751	2477.637	3.352	.001
Current Other Income	-2591.154	1326.824	-.1953	.052
Single Dad	3902.293	4940.232	.790	.431
Single Mom	4909.791	1710.486	2.870	.005
W2W	1279.746	1283.954	.997	.320
W2W Plus	1669.107	1954.053	.854	.394
Russian or Ukrainian	3710.904	3062.846	1.212	.227



**Regression Three:**  
**All variables supported by theory for dependent variable “working”**

Model Summary: R Square = 0.249 and Adjusted R Square = 0.171

Dependent Variable: Working (yes/no)

Coefficients:

Variable	Unstandardized Coefficients: B	Unstandardized Coefficients: Standard Error	t	Sig.
(Constant)	4.259E-02	.332	.128	.898
Initial Wage Income	1920E-05	.000	5.011	.000
Months on Program	9.283E-03	.008	1.120	.264
US Citizenship	-.209	.196	-1.063	.289
Minors	-2.764E-02	.054	-.515	.607
Age	4.562E-03	.007	.641	.522
Black	-2.615E-02	.114	-.230	8.19
Native American or Alaskan Indian	.357	.168	2.117	.036
Asian or Pacific Islander	.340	.239	1.423	.157
Hispanic	.368	.144	2.551	.012
Current Other Income	-7.000E-02	.078	-.897	.371
Single Dad	8.417E-02	.287	.293	.770
Single Mom	.267	.101	2.638	.009
Russian or Ukrainian	.210	.179	1.168	.244
Welfare-to-Work	.219	.310	.706	.481
Welfare-to-Work Plus	5.276E-02	.113	.465	.642
Interaction Term: Age and W2W	-4.235E-03	.009	-.459	.647
Interaction Term: Months on program and W2W	-6.847E-03	.011	-.634	.527
Interaction Term: Minors and W2W	2.220E-02	.067	.331	.741

## Endnotes

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<sup>1</sup> 95% confidence interval

<sup>2</sup> "Affordability Remains Greatest Concern, Harvard Report Says," *Housing Development and Research*, July 9, 2001, 138.

<sup>3</sup> Families can pay more than forty percent after their first year participating in the program.

<sup>4</sup> Landlords voluntarily participate in Section 8. In some communities there is considerable discrimination against Section 8 voucher holders, which limits the geographic area and quality of housing available to clients.

<sup>5</sup> PR Newswire, "\$31.5 Billion HUD Budget Expands Homeownership Opportunities, Rental Assistance and Economic Development," February 5, 2002, [www.knowledgeplex.org/fmfportal/PTCache](http://www.knowledgeplex.org/fmfportal/PTCache).

<sup>6</sup> Michael Collins, "Using Section 8 for Home Purchase," *Bright Ideas*, Spring 2001, and PR Newswire, February 5, 2002.

<sup>7</sup> Barbara Sard and Margy Waller, "Housing Strategies to Strengthen Welfare Policy and Support Working Families."

<sup>8</sup> 95% confidence interval